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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

0003

July 27, 2009

Kelly Shumway
White Canyon Exploration, LLC
410 McGill Ave
P. O. Box 1032
Moab, Utah 84532

Subject: Permit to Commence Small Mining Operations, Utah Energy Corporation, Daneros Mine, S0370121, Task 2556, San Juan County, Utah

Dear Ms. Shumway:

The Division finds your notice of intention (Notice) complete and approves the reclamation surety for the Daneros Mine. You are now permitted to conduct small mining operations on 4.5 acres as outlined in the Notice, provided you have approval from the Bureau of Land Management and any other appropriate agency(ies). The approval or acceptance of a complete notice of intention does not relieve an operator from his responsibility to comply with the applicable statutes, rules, regulations, and ordinances of all local, state and federal agencies with jurisdiction over any aspect of the operator's mining operations.

The reclamation contract was signed June 1, 2009, and the Division gave approval by e-mail on June 4, 2009, for you to begin operating.

Please keep in mind the following regulatory requirements.

- The Division must be notified no later than 30 days after beginning mining operations.
- Mining disturbance is only allowed in the area identified in the Notice and Reclamation Contract.
- Stockpiling topsoil material prior to beginning activities will help ensure successful revegetation. Even the first few inches of undeveloped material are worth saving to aid in later revegetation efforts, and future regulatory surety release.
- If you encounter any archaeological or historical items, you are asked to notify this office and State History of your find.
- Annual permit fees are due July 30th of each year.
- Annual reports are due by December 31st of each year.



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- The reclamation surety will be reviewed every 3 years.
- The Division requests that the disturbed area boundary (including access/haul roads) be marked with metal T-posts to identify the area permitted for mining.

The Division's web page at <http://ogm.utah.gov/> under the Mining Program has a link to the rules under which you are expected to operate and to other information to assist you in complying with program requirements. Thank you for your cooperation in finalizing the Notice. In reply, please refer to file number S/037/0121. If you have questions or concerns regarding this letter, please contact Paul Baker at (801) 538-5261 or Wayne Western at (801) 538-5263. Best wishes with your mining venture.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dana Dean', with a long horizontal flourish extending to the right.

Dana Dean, P.E.
Associate Director of Mining

DD:whw:vs
Attachment: Approved SMO Notice
Enclosure: Copy of RC & surety forms
cc: Ted_McDougall@blm.gov/Encl
Opie_Abeyta@blm.gov, BLM State Office, w/Encl
P:\GROUPS\MINERALS\WP\M037-SanJuan\S0370121-Daneros\final\APVL-2945-07272009.doc

This page is a reference page used to track documents internally for the Division of Oil, Gas and Mining

Mine Permit Number 5103710121 Mine Name Daneros Mine
Operator Utah Energy Corp Date Apr 7-28-09
TO _____ FROM _____

☐ CONFIDENTIAL ☐ BOND CLOSURE ☐ LARGE MAPS ☐ EXPANDABLE
☐ MULTIPUL DOCUMENT TRACKING SHEET ☒ NEW APPROVED NOI
☐ AMENDMENT ☐ OTHER _____

Description YEAR-Record Number

☒ NOI ☐ Incoming ☐ Outgoing ☐ Internal ☐ Superceded
APPROVED NOI 2009-07282009 apr-0001

☐ NOI ☒ Incoming ☐ Outgoing ☐ Internal ☐ Superceded
MRPL 3 Surety 2009-0007

☐ NOI ☐ Incoming ☐ Outgoing ☐ Internal ☐ Superceded

☐ NOI ☐ Incoming ☐ Outgoing ☐ Internal ☐ Superceded

☐ TEXT/ 81/2 X 11 MAP PAGES ☐ 11 X 17 MAPS ☐ LARGE MAP

COMMENTS: _____

CC: _____